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EXAMINER

KYLE, CHARLES R

ART UNIT

PAPER NUMBER

3624

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BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Paper No. 29

Application Number: 09/166,779
Filing Date: October 06, 1998
Appellant(s): WOOLSTON, THOMAS G.

John C. Phillips
For Appellant

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EXAMINER'S ANSWER

This is in response to the appeal brief filed November 19, 2002.

(1) *Real Party in Interest*

A statement identifying the real party in interest is contained in the brief.

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(2) Related Appeals and Interferences

A statement identifying the related appeals and interferences which will directly affect or be directly affected by or have a bearing on the decision in the pending appeal is contained in the brief.

(3) Status of Claims

The statement of the status of the claims contained in the brief is correct.

(4) Status of Amendments After Final

The amendment after final rejection filed on July 22, 2002 has been entered.

(5) Summary of Invention

The summary of invention contained in the brief is correct.

(6) Issues

The appellant's statement of the issues in the brief is correct.

(7) Grouping of Claims

Appellant's brief includes a statement that claims of Groups II, II, and III do not stand or fall together and provides reasons as set forth in 37 CFR 1.192(c)(7) and (c)(8).

(8) Claims Appealed

The copy of the appealed claims contained in the Appendix to the brief is correct.

(9) Prior Art of Record

6,185,683 ✓	GINTER et al	02-2001
5,664,111 ✓	NAHAN et al	09-1997
5,915,209 ✓	LAWRENCE	

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Martin, Stephen J. and Battle III, Thomas E. "Sold! The Professional's Guide to Real Estate Auctions", Real Estate Publishing Company, 1991, pp. 247-248

Business & Entertainment Editors, "Save the Earth Fndtn: Internet Online Rock ans Roll Art Auction Celebrating Earth Day is Declared Open to the World for One Month", April 24, 1995

(10) Grounds of Rejection

The following ground(s) of rejection are applicable to the appealed claims:

Claims 81-82, 88-91, 101, 119-122, 124 and 127-129 are rejected under 35 U.S.C. 102(e) as being anticipated by Ginter et al. This rejection is set forth in prior Office Action, Paper No. 20.

Claims 15 and 18 are rejected under 35 U.S.C. 103(a) as being unpatentable over Nahan et al in view of Save the Earth as applied to claim 11 above, and further in view of Official Notice. This rejection is set forth in prior Office Action, Paper No. 20.

Claims 11-12, 14 and 16-17 and 19-20 are rejected under 35 U.S.C. 103(a) as being unpatentable over Nahan et al (5,664,111) in view of "Save the Earth Foundation: Internet Online Rock and Roll Art Auction Celebrating Earth Day is Declared Open to the World for One Month ("Save the Earth"). This rejection is set forth in prior Office Action, Paper No. 20.

Claim 83, 93-99, 100, 108-110, 116-118, 123 and 125-126 are rejected under 35 U.S.C. 103(a) as being unpatentable over Ginter et al. This rejection is set forth in prior Office Action, Paper No. 20.

Claims 84-87, 92 and 111-115 is rejected under 35 U.S.C. 103(a) as being unpatentable over Ginter et al in view of Sold, The Professional's Guide to Real Estate Auctions. This rejection is set forth in prior Office Action, Paper No. 20.

Claims 102-107 are rejected under 35 U.S.C. 103(a) as being unpatentable over Ginter et al in view of Lawrence. This rejection is set forth in prior Office Action, Paper No. 20.

(11) Response to Argument

To make clear the essential point argued by Appellant throughout his Appeal Brief, the Examiner refers to page 7, lines 16+ where Appellant argues that his invention has a contract binding feature not shown by the prior art of record. The binding aspect of the invention is not detailed in the Claims or the Specification. No element is disclosed by Appellant to distinguish over well-known binding aspects of contracts. Appellant sets forth no novel feature to address breach by the seller or provide special remedies for default.

Appellant begins substantive argument at page 7, paragraph A, of the Appeal Brief. After reciting his Claim language, Appellant argues that Ginter is focused on document exchange by reciting the Title of the patent. Such exchange is not the feature for which the rejection cited Ginter. The Examiner has specifically set out in prior Office Action, Paper No. 20, where Ginter discloses the claimed features. Appellant has not shown where the Examiner's analysis of the Ginter reference is deficient.

At page 8, second full paragraph to page 9, lines 1-2, Appellant argues that the reference does not teach a binding offer as set forth in the Claims. As noted at page 15, of Paper No. 20 and set forth below:

Applicant addresses the rejection of Claim 11 at pages 16-17 of the Amendment filed January 5, 2001.

Applicant discusses the nature of the Nahan reference and at the first full paragraph of page 17 argues that the

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listings in Nahan's system are not binding offers. The Examiner observes that Applicant's claim language repeatedly recites the word "binding", but Applicant fails to provide specific evidence of how his invention distinguishes over the cited art of record. A thorough review of Applicant's specification reveals that the word "binding" is not present nor is any detailed description of how buyer and seller are bound in any way distinguished over the references cited; no particular legal forms or procedures are disclosed by Applicant in a process constituting a binding offer to sell, buy or counteroffer. The Examiner observes that Applicant cites page 33, lines 2-20 as support for the binding feature recited in Claim 11 and also notes that Nahan discloses analogous features in similar detail at Column 13, lines 30-55. Specifically, Nahan discloses an offer to sell (Column 13, line 30), an acceptance of the offer to sell (Column 13, line 38) and consideration (Column 13, lines 45-47), which elements constitute a complete contract for the sale of an item and can be considered equally as binding as that disclosed and claimed by Applicant.

Further, the Examiner considered giving rejections under 35 USC 112, First Paragraph regarding lack of enablement of the claimed "binding" feature. However, the Examiner's knowledge of basic contract law and Appellant's single reference to the binding concept in the Specification gave assurance that this feature was known to one of ordinary skill in the art of online commerce. For this reason, Appellant need not provide more detail to enable; likewise, the feature cannot be patentably distinguishing.

For this reason, Appellant's argument regarding timing of offers is irrelevant. Since his "binder offer" [sic] has no feature which distinguishes over well-known offer/acceptance involved in sales contracts, this feature is not patentably distinguishing.

At page 9, Appellant discusses that there is no teaching of tender by providing payment information, but again fails to show how the cited portion of Ginter is deficient. See the rejection of Claim 82 in Paper No. 20 and the passages cited, Ginter, Col. 59, lines 48-50 and Col. 47, lines 21-27. At page 9, lines 18-19, Appellant states that "In other words, the end result

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of the Group I claims is the formation of a contract", yet the word contract appears only two times in the specification. Nothing in these occurrences suggests that Appellant's contract differs from the contract elements disclosed by Ginter. At the end of page 9, Appellant states that "Ginter's process does not even begin to operate until after a contract has formed". Nonetheless, Ginter discloses the "binding" contract elements in Appellant's Claims and cited in Paper No. 20; Ginter's process includes the formation of a contract.

In summary, regarding Appellant's Group I Claims, he argues that his claimed invention includes a binding feature which is neither disclosed in the specification or detailed in the prosecution history of the Application. Ginter, while including additional features, discloses the elements of formation of contracts at least as binding as Appellant's.

At pages 10-11 Appellant argues Group III claims by stating that Ginter fails to disclose *binding* (italics added) elements of counteroffer. The passage cited by the Examiner at the end of page 10, clearly recites negotiation, which inherently has offer/counteroffer exchanges. As set forth above in the Group I discussion, Ginter does disclose binding features and payment information, which Appellant argues as lacking at page 11, lines 1-4. Appellant argues that the counteroffer is not binding but admits that the Ginter reference only *suggests* this. In any case, such a negotiating method might well have several iterations of offer and counteroffer and finally result on a "last" counteroffer being binding. Appellant does not claim that a single binding counteroffer terminates negotiation. For this reason, the rejection of Group III Claims should stand.

At mid-page 11 to page 15, Appellant argues against the application of Nahan to his Claims. At the first paragraph of page 12+, Appellant argues **exception handling** aspects of Nahan which would be essential for any contracting system, including his. For instance, at mid-page 12, Appellant argues that Nahan discloses confirmation that a work is still available. This confirmation occurs in a short time and does not prevent Nahan from binding parties to a sale. At mid-page 13, Appellant argues that Nahan provides only invitations to deal. However, Nahan is far more than the browsing environment suggested by Appellant. As noted in Paper No. 20, pages 5-8, Nahan does disclose binding sell/buy offers including prices, acceptance, and providing payment information. The points argued do not show that Nahan's system does not do what Appellant's invention does; they simply show that Nahan details additional features which address unusual occurrences in a system for assured and convenient binding transactions.

At the first full paragraph of page 15, Appellant argues features which are certainly desirable, but do not appear in the Claims. Appellant argues transaction consummation with "legal finality of transaction and in an environment that fosters **confidence** in the **integrity** and **trustworthiness** of the exchange". The phrase "legal finality" appears only once in the Specification, with no detail, and is not present in the Claims. No detail is provided as to how a novel "legal finality" is obtained. Again, at page 16, Appellant argues a feature not claimed and not mentioned by the Specification. Arguments at mid-page 16 regarding breach and legal remedies are not persuasive as the Specification and Claims provide no detail of particular remedies and indeed do not even contain the word "remedies".

At page 17, first full paragraph, Appellant implies that the application of Nahan to the Group I Claims is deficient. Appellant fails to present argument why the rejections presented in

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Paper No. 20 are deficient with respect to the Claims. Appellant argues at lines 11-18 features not set forth in the Claims. No particular sanctions for default which were new or non-obvious are argued or set forth in the Specification or Claims.

At page 18, Appellant argues the Group II Claims. The particular feature argued is re-sale without taking delivery. Appellant argues that the Examiner has used hindsight in the rejection. In response to applicant's argument that the examiner's conclusion of obviousness is based upon improper hindsight reasoning, it must be recognized that any judgment on obviousness is in a sense necessarily a reconstruction based upon hindsight reasoning. But so long as it takes into account only knowledge which was within the level of ordinary skill at the time the claimed invention was made, and does not include knowledge gleaned only from the applicant's disclosure, such a reconstruction is proper. See *In re McLaughlin*, 443 F.2d 1392, 170 USPQ 209 (CCPA 1971).

At page 19, first full paragraph, Appellant argues that no references were cited for the re-sale feature. This is because one of ordinary skill in the art of online exchanges would be familiar with this concept. An old and well-known example of such re-sale without taking delivery is a gold exchange, where title to gold passes without delivery, gold being very heavy and costly to ship. Appellant then states that the Examiner has used Appellant's Specification and Claims as a blueprint for the rejection. This is incorrect. The Examiner has not used these sources and hindsight to reject. Appellant *assumes* that the common concepts "speculate" and "shipping costs" were derived from his Application but cannot provide any evidence against the Examiner's use of the words being more than a coincidence. The concepts are so fundamental to exchanges, such as the gold exchange cited above, that one of ordinary skill in the art of online

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commerce would have readily recognized them, as did the Examiner. Also, Appellant has not shown how his re-sale feature differs from this well-known concept. The Examiners reasoned statements at pages 10-11 of Paper No. 20 regarding additional features of avoiding duplicate shipping (page 11, lines 3-5) and warehousing fees (page 11, lines 5-8) are unrefuted.

Additionally, see *In re McLaughlin*, 170 USPQ 209 (CCPA 1971) which states that “Any judgment on obviousness is in a sense necessarily a reconstruction based upon hindsight reasoning, but so long as it takes into account only knowledge which was within level of ordinary skill at time claimed invention was made and **does not include knowledge gleaned *only* from applicant's disclosure**, reconstruction is proper.” (Italics added).

With respect to Appellant's argument at page 20, first full paragraph on the need for evidentiary evidence in the record see the following citations:

In re Wiseman , 201 USPQ 658 (CCPA 1979)

Mere recognition of **latent properties** in the prior art does not render nonobvious an otherwise known invention.

In re Bode, Nolan, Baker, Mathias, and Pfaender, 193 USPQ 12 (CCPA 1977)

“Every patent application and reference relies to some extent on knowledge of persons skilled in art to **complement that disclosed**, in order that it be 35 U.S.C. 112 "enabling," and to satisfy requirements of reference under 35 U.S.C. 102.”

In re Shepard, 138 USPQ 148 (CCPA 1963)

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“In considering disclosure of reference patent, it is pertinent to point out not only specific teachings of patent but also the **reasonable inferences** which one skilled in the art would logically draw therefrom.”

In re Bozek, 163 USPQ 545 (CCPA 1969)

“Reference disclosure must be evaluated for **all that it fairly suggests** and not only for what is indicated as preferred.”

In re Epstein, 31 USPQ2d 1817 (CA FC 1994)

“Prior art printed publications must be enabling, in order to place allegedly disclosed matter in public's possession; Board of Patent Appeals and Interferences did not err in determining that **lack of diagrams, flow charts, and source codes in prior art publications did not render them non-enabling**, in view of fact that applicant's own specification fails to provide such detailed information and that one skilled in art would know of equipment and techniques to be used.”

In re Heck, 216 USPQ 1038 (Fed. Cir. 1983)

“The use of patents as references is **not limited to** what the **patentees** describe as their **own inventions** or to the problems with which they are concerned. They are part of the literature of the art, **relevant for all they contain.**”

Appellant then addresses In re Lee which requires that a full and reasoned explanation of an administrative agency decision must be provided. See In re Lee at 1433 which states that:

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The Administrative Procedure Act, which governs the proceedings of administrative agencies and related judicial review, establishes a scheme of "reasoned decisionmaking." Not only must an agency's decreed result be within the scope of its lawful authority, but **the process by which it reaches that result must be logical and rational.** Allentown Mack Sales and Service, Inc. v. National Labor Relations Bd., 522 U.S. 359, 374 (1998) (citation omitted). This standard **requires that the agency not only have reached a sound decision, but have articulated the reasons for that decision.** The reviewing court is thus enabled to perform meaningful review within the strictures of the APA, for the court will have a basis on which to determine "whether the decision was based on the relevant factors and whether there has been a clear error of judgment." Citizens to Preserve Overton Park v. Volpe, 401 U.S. 402, 416 (1971). Judicial review of a Board decision denying an application for patent is thus founded on **the obligation of the agency to make the necessary findings and to provide an administrative record showing the evidence on which the findings are based, accompanied by the agency's reasoning in reaching its conclusions.** See *In re Zurko*, 258 F.3d 1379, 1386, 59 USPQ2d 1693, 1697 (Fed. Cir. 2001) (review is on the administrative record); *In re Gartside*, 203 F.3d 1305, 1314, 53 USPQ2d 1769, 1774 (Fed. Cir. 2000) (Board decision "must be justified within the four corners of the record").

At 1433, *In re Lee* states:

With respect to Lee's application, neither the examiner nor the Board adequately supported the selection and combination of the Nortrup and Thunderchopper references to render obvious that which Lee described. The examiner's conclusory statements that "the demonstration mode is just a programmable feature which can be used in many different device[s] for providing automatic introduction by adding the proper programming software" and that "another motivation would be that the automatic demonstration mode is user friendly and it functions as a tutorial" do not adequately address the issue of motivation to combine. This factual question of motivation is material to patentability, and could not be resolved on subjective belief and unknown authority. It is improper, in determining whether a person of ordinary skill would have been led to this combination of references, simply to "[use] that which the inventor taught against its teacher." *W.L. Gore v. Garlock, Inc.*, 721 F.2d 1540, 1553, 220 USPQ 303, 312-13 (Fed. Cir. 1983). Thus the Board must not only assure that the requisite findings are made, based on evidence of record, but must also explain the reasoning by which the findings are deemed to support the agency's conclusion.

As can best be determined from the language of the case, the Examiner of *In re Lee* provided description of the references but did not effectively articulate the advantages of a combination. As well, the Board did not set forth a rationale for the combination. According to

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Lee, the Examiner's Answer merely stated that both the Northrup function menu and the Thunderchopper mode is "user-friendly" and "it functions as a tutorial and that it would have been obvious to combine them". Thus, the references were described, but no real advantage to the combination was described.

In Paper No. 20 of the instant application, the Examiner provided **logical and rational** reasons for modification of Ginter. See Paper No. 20 at page 10, sixth full paragraph to page 11, line 8. These reasons provide support for the modification of Ginter; such reasons appear to be lacking in the prosecution of the Lee application and it appears that this lack was the rationale for the vacation and remand.

At page 21 of the Brief, Appellant restates previously presented and already addressed arguments concerning Group III.

For the above reasons, it is believed that the rejections should be sustained.

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Respectfully submitted,

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January 17, 2003

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